

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 SS-15 NSC-05 PA-01 PRS-01 L-03 H-02

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FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 1683

C O N F I D E N T I A L FREETOWN 1907

E.O. 11652: GDS

TAGS: EINV, EIMIN, SL

SUBJECT: BETHLEHEM STEEL IRON ORE NEGOTIATIONS

1. SIERRA RUTILE VICE PRESIDENT FRASER INDICATED TODAY THAT VICE PRESIDENT LEACH OF BETHLEHEM STEEL HAD OFFERED ARRIVE FREETOWN 18TH TO BEGIN NEGOTIATIONS WITH GOSL CONCERNING TAKEOVER DELCO-MARAMPA-TONKOLILI CONCESSION. VICE-PRESIDENT KOROMA ASKED THAT VISIT NOT COME UNTIL AFTER BETHLEHEM HAD PRESENTED GOSL WITH ITS PROPOSALS, SO THAT GOSL COULD RESPOND INFORMATIVELY TO BETHLEHEM NEGOTIATORS, THUS LESSENING AMOUNT OF TIME NEEDED BY BETHLEHEM STEEL OFFICIALS IN COUNTRY. AS A RESULT BETHLEHEM STEEL OFFICIALS MAY NOT COME NOW UNTIL EARLY SEPTEMBER.

2. KOROMA QUITE AWARE THAT ECONOMIC SITUATION AT DELCO INCREASINGLY WORSENING AND VIEWS BETHLEHEM TAKEOVER AS A "RESCUE SITUATION". HE ALSO PRESSED HOPES THAT "BETHLEHEM WON'T LET US DOWN". FRASER INDICATED THAT VICE PRESIDENT MADE REFERENCE TO POSSIBLE CONTINUING INTEREST OF CHINESE IN TONKOLILI, BUT FRASER DOUBTS SINCERITY OF STATEMENT AND ANY CHINESE INTEREST.

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3. GIVEN POSSIBILITY THAT KORMA, AS MINISTER OF FINANCE, MIGHT BE VISITING US FOR IBRD/IMF MEETINGS, FRASER LIKELY TO RECOMMEND BETHSTEEL INVITE KOROMA TO VIEW THEIR OPERATIONS IN BETHLEHEM. HE IS SURE BETHLEHEM WILL BE VERY INTERESTED, BUT DOUBTS WHETHER THEY WILL WANT TO INVITE KOROMA IF DELCO NEGOTIATIONS ARE NOT COMPLETED. HE THEREFORE BELIEVES IT POSSIBLE THAT BOTH SIDES MAY SENSE SOME URGENCY AND THAT ACTUAL NEGOTIATIONS COULD MOVE VERY QUICKLY AND BE CONCLUDED IN MID-SEPTEMBER. THERE IS POSSIBILITY, HOWEVER, KOROMA MAY ALSO ATTEND COMMONWEALTH FINANCE MINISTERS MEETING PRIOR IMF/IBRD.

4. NEGOTIATIONS FOR PRODUCTIVITY AT BAGLA HILLS LIKELY TO BE CONDUCTED SUBSEQUENTLY TO DELCO TALKS.

5. VISITING AMERICAN BANKER LAST WEEK LEARNED THAT BETHLEHEM HAS BEEN DISCUSSING JOINT IRON ORE ACTIVITIES IN SIERRA LEONE WITH REPUBLIC STEEL BUT UNCLEAR WHETHER THIS RELATED ONLY TO BAGLA OR INCLUDED DELCO.

6. COMMENT: CONTINUING INDICATIONS AT HIGHEST LEVELS GOSL INDICATE NEED FOR DELCO OPERATION TO BE MADE COMPETITIVE AND PROFITABLE. BETHSTEEL APPARENTLY IS ONLY INTERESTED PARTY. THEIR NEGOTIATING LEVERAGE ON THIS ONE SHOULD BE CONSIDERABLE.
SAMUELS

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